

**STATE BOARD OF EQUALIZATION**1020 N STREET, SACRAMENTO, CALIFORNIA
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Executive Secretary

No. 84/30

March 13, 1984

TO COUNTY ASSESSORS:

LEOP PENALTY PROCEDURES

In Assessors' Letter CAO 83/33 dated December 20, 1983 we informed you that the Board would no longer mail lists of LEGAL ENTITIES IN PENALTY AND PENALTY ABATEMENT STATUS to assessors. As you know, these lists contained the names and addresses of legal entities that had not responded timely to the Board's first request for change in control and ownership information, and to whom Section 482 (b) by operation of law imposed an automatic penalty for nonresponse. The lists also included the name and address of legal entities that ultimately did respond to the Board's second request for information and for whom the Board recommended penalty abatement by county boards of supervisors.

This procedure has become very cumbersome for the state, the supervisors, and assessors; it needs to be simplified. This can be accomplished by changing property tax laws which now require that nonresponse penalties can only be abated by county supervisors upon proper recommendation by the Board. As proposed, these laws will be modified so that abatable penalties will be automatically abated when response to the second questionnaire is keyed into the ASD Data Management System if keyed prior to the due date of the questionnaire. This procedure is similar to that used when the penalties are created and it appears that it will work equally well in abating such penalties.

However, until the law is formally changed, Assessment Standards Division staff must continue to advise assessors and county boards of supervisors of all legal entities that did not respond to the Board's first request for information but who ultimately did respond to the second request within the 65 days following notice of penalty. Upon receiving such notice county boards of supervisors or assessors designated to act on their behalf must either abate the penalty or enroll the penalty. If penalties are to be added, they should be enrolled on the regular assessment roll that next follows the date the penalty was created; the Board will provide this date. Penalties should not be enrolled on supplemental assessment rolls. The ASD staff will continue to maintain a running account of entities in and out of penalty status but this information will not be sent to assessors except upon specific request.

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Entities that do not respond timely to the Board's second request will reach "Nonresponse" status and will be added to the NONRESPONSE LISTS. ASD staff will continue to mail NONRESPONSE LISTS to assessors as the information is verified. Entities appearing on these lists are subject to the penalties called for in Section 482(b); assessors must enroll these penalties. In the future we may request that assessors identify the parcels, ownership of the parcels, and the date the penalty was enrolled so that this information may be used in assisting other counties in complying with the tax law. Penalties required by Section 482(b) are applicable to all taxable real property owned by a nonresponding entity regardless of the county in which the property is located.

All taxable real property owned by nonresponding entities who indicated on their California State Partnership or Corporate tax return that a change in control had occurred must be reappraised as of the date the change in control occurred. Reappraised values and penalties imposed for nonresponse must then be enrolled as outlined above. Escape assessments should be enrolled according to the provisions outlined in Assessors' Letter 83/112 dated October 21, 1983.

Any questions you may have can be directed to Don Davis or Mike Shannon at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:wpc
LEOP-02-1122A